



The State of South Carolina Department of Consumer Affairs

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Celebrating Over 40 Years of Public Service

July 29, 2016

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RE: Pawnbroker Compliance Guidance

Dear Pawnbroker Licensee:

Amendments to the South Carolina Pawnbroker Statute, found in S.C. Code Ann. § 40-39-10, et seq., became effective June 9, 2016. Changes include an increase in the bond amount, new insurance requirements, and criminal background check requirements. **All pawnbrokers must comply with the new law no later than Monday, October 17, 2016**, by satisfying the following requirements:

- Submit to the Department a surety bond in the amount of \$15,000 (if you currently have a bond on file with the Department, you can submit a bond rider for the increase);
- Submit to the Department proof of adequate insurance coverage for all pledged goods;
- Conduct national criminal background checks for all owners, partners, members, officers, directors, and employees or submit information to the Department to conduct;
- Submit to the Department the pawn ticket you will use that is compliant with Section 40-39-80(B)(1)(a)-(l);
- Post your hours of operation at each location; and
- Post the revised rate schedule at each location.

Frequently Asked Questions about the amendments are enclosed. The revised rate schedule and updated filing forms will be available on the Department's website no later than Friday, August 5 (go to www.consumer.sc.gov, click on "Business/Industry Information," then "Pawnbrokers"). The Department recommends that every licensee review a copy of the new law, which can also be found on the website.

We will host a webinar on August 17 at 10:30 A.M. to review the law's changes. To participate in the webinar, please sign up online (go to www.consumer.sc.gov and click on "Upcoming Events").

If you have any questions, please contact Barbara Faircloth at (803)734-4249 or Christine Thompson at (803)734-4187.

Best Regards,

Christine Thompson
Staff Attorney

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SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS
**PAWNBROKER AMENDMENTS:
FREQUENTLY ASKED QUESTIONS**

Amendments to the South Carolina Pawnbroker Statute, found in S.C. Code Ann. § 40-39-10, et seq., became effective June 9, 2016. Changes include an increase in the bond amount, new insurance requirements, criminal background check requirements and a law enforcement hold process. Please find below frequently asked questions about the new amendments. If you have any questions, please contact Barbara Faircloth at (803)734-4249 or Christine Thompson at (803)734-4187.

- **Will a Letter of Credit or Certificate of Deposit still be accepted as evidence of financial responsibility?**
No. The amendments require a pawnbroker to obtain a surety bond. No other evidence will be accepted.
- **What is the new required bond amount?**
Each pawnbroker is required to obtain a \$15,000 surety bond in favor of the S.C. Department of Consumer Affairs ("Department").
- **Is a pawnbroker required to have insurance?**
Yes. Each pawnbroker is required to provide proof of adequate insurance coverage for all pledged goods in the event of loss by fire, theft, burglary, or liability to pledger.
- **What is the highest pawn loan amount a pawnbroker can make?**
A pawnbroker may make a loan up to \$15,000.
- **Do the employees of a pawnshop have to have a criminal background check?**
Yes. A pawnbroker must conduct, or permit the Department to conduct, criminal history background checks for all owners, partners, members, officers, directors, and employees. A pawnbroker is also required to obtain the criminal background check before hiring a new employee.
- **Does the law require a pawnbroker to post any new information at the pawnshop?**
Yes. A pawnbroker must post the pawnshop's hours of operation at each location.
- **Do I have to verify the identity of someone wanting to pledge or sell property?**
Yes. Before a pledge or purchase, you must review the pledgor or seller's state-issued or federally issued photo ID.

- **Does the law say what information must be included on the pawn ticket?**

Yes. A pawn ticket or buy ticket must include the pledgor or seller's signature and the following information:

- a) the name and address of the pledgor or seller;
- b) the date of birth of the pledgor or seller;
- c) the driver's license number or other state or federal government-issued photographic identification number of the pledgor or seller;
- d) the transaction date;
- e) the transaction maturity date;
- f) the amount financed or purchase price;
- g) the finance charge;
- h) the total of payments;
- i) the annual percentage rate;
- j) a statement of the pledgor or seller that the pledgor or seller is the lawful owner of the pledged or sold property;
- k) the name and business address of the pawnbroker; and
- l) a complete and accurate description of the pledged or purchased goods including any applicable:
 - (i) brand name;
 - (ii) model number;
 - (iii) manufacturer's serial number, if issued by the manufacturer and not intentionally defaced, altered or removed;
 - (iv) size;
 - (v) color, as apparent to the untrained eye, not applicable to diamonds;
 - (vi) precious metal type, weight, and content, if known or indicated;
 - (vii) gemstone color and shape, as apparent to the untrained eye, and number of stones;
 - (viii) type of action, caliber or gauge, number of barrels, barrel length and finish if the item is a firearm; and
 - (ix) any other unique markings, numbers, names, or letters.

- **Which events trigger the requirement to provide written notice to the Department?**

You must notify the Department when (1) an event such as a fire, theft, or judicial proceeding may affect pledged goods, (2) requesting to store pledged items at a place other than the location listed on your Certificate of Authority, or (3) an event described in the pawnbroker regulation occurs, such as the relocation of a pawnshop.

- **What should a pawnbroker do if the pawnshop closes?**

A pawnbroker must maintain usual business hours at the pawnshop for 90 days after the last pawn transaction was made at the pawnshop, or transfer pledged goods to a pawnbroker with a valid Certificate of Authority.

- **What happens if a pawnbroker does not comply with the new law?**

If a pawnbroker does not comply with the new law on or before October 17, 2016, the pawnbroker must apply with the Department as a new applicant. The Department will assess a penalty for any business activity that takes place after the deadline and require the pawnbroker to issue consumer refunds.